

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
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FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC PRIORITY 5160

AMEMBASSY TOKYO PRIORITY

INFO AMEMBASSY BANGKOK

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

CINCPAC HONOLULU

AMCONSUL AUCKLAND

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 01290

MANILA PASS USADB

BRUSSELS FOR USEC

PARIS FOR USOECD

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: ETRD, EFIS, JA, NZ

SUBJECT: PRIME MINISTER MULDOON ACCUSES JAPANESE OF
COMMERCIAL IMPERIALISM IN THE PACIFIC BASIN

1. BEGIN UNCLASSIFIED. SUMMARY. AFTER WEEKS OF
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FRUITLESS WRANGLING WITH THE JAPANESE OVER INCREASED
MARKET ACCESS FOR NEW ZEALAND'S PRIMARQ PRODUCTS IN
RETURN FOR ACCESS TO NEW ZEALAND FISH, PRIME MINISTER
MULDOON SHARPLY ESCALATED THE CONFLICT IN A HARD-HITTING
SPEECH DELIVERED MARCH 11 TO A NATIONADMLARTY MEETING
IN CHRISTCHURCH. EVOKING MEMORIES OF THE BITTER WORLD
WAR II CONFLICT IN THE PACIFIC, THE PRAME MINISTER CITED

"COMMERCIAL IMPERIALISM IN JAPANESE ACTIVITIES IN THE PACIFIC BASIN SINCE WORLD WAR II" AND JAPAN'S ACHIEVEMENT "BY PEACEFUL MEANS WHAT IT FAILED TO DO DURING THE WAR." CHRONICLING WHAT HE SAW AS JAPAN'S MARKET DISCRIMINATION, RUTHLESS EXPLOITATION OF NEW ZEALAND'S FISH STOCKS, DOMINATION AND EXPLOITATION OF THE ASIA DEVELOPMENT BANK, AND IMPLIED INTERFERENCE IN NEW ZEALAND'S INTERNAL POLITICS ("THE LAST STRAW"), MULDOON CALLED FOR "A CONCERTED EFFORT BY ALL JAPAN'S TRADING PARTNERS TO TELL THE JAPANESE GOVERNMENT THAT THEY HAVE HAD "TOO MUCH OF A GOOD THING." END SUMMARY.

2. THE SPEECH ITSELF DEALT WITH THREE TOPICS, THE FIRST TWO CONCERNING DOMESTIC ELECTORAL POLITICS AND THE THIRD JAPAN. IN THE JAPANESE PORTION, MULDOON BEGAN BY CITING HIS GOVERNMENT'S LONG-STANDING PROBLEM OF TRYING TO SECURE JAPANESE AGREEMENT FOR LARGER, MORE STABLE QUOTAS FOR BEEF AND DAIRY PRODUCTS AND TIMBER (JAPAN WILL TAKE LOGS, BUT NOT SAWN TIMBER) IN RETURN FOR FISHING RIGHTS IN NEW ZEALAND. NOT ONLY WERE THE JAPANESE, IN THE PM'S VIEW, EXCESSIVELY PROTECTIVE OF THEIR DOMESTIC INTERESTS IN THESE AREAS BUT, IN ADDITION, WHEN FISHING IN NEW ZEALAND WATERS THEY PURSUE EXPLOITATIVE TECHNIQUES IN VIOLATION OF NEW ZEALAND LAW (PARTICULARLY USE OF EXCESSIVELY SMALL NET SIZES AND TRAWLING IN SPAWNING GROUNDS). JAPANESE SELF-INTEREST

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IS REFLECTED ALSO, SAID THE PM, IN THE MANNER IN WHICH THEY HAVE MADE THE ASIAN DEVELOPMENT BANK A TOOL OF JAPANESE ECONOMIC INTERESTS. "ACCORDING TO THE MOST RECENT FIGURES AVAILABLE TO ME, JAPAN HAS MADE 38 PERCENT OF THE CONTRIBUTIONS TO THE FUNDS OF THE BANK BUT ENJOYED 45 PERCENT OF THE PROCUREMENT FINANCED BY ADB FUNDS. FOR EVERY DOLLAR CONTRIBUTED BY JAPAN, 90 CENTS HAS BEEN SPENT ON JAPANESE GOODS AND SERVICES."

3. MULDOON SAID THAT WHEREAS THE JAPANESE WERE WILLING TO MAKE SOME MOVES TO ACCOMMODATE INTERNATIONAL HEAVY-WEIGHTS LIKE THE U.S. AND EC, "THEIR ATTITUDE TO SMALLER COUNTRIES SUCH AS NEW ZEALAND IS TO TAKE A MUCH HARDER LINE AND THAT, TOO, WILL NOT HAVE GONE UNNOTICED BY THE SMALLER COUNTRIES OF THE PACIFIC AND SOUTHEAST ASIA."

4. HARKING BACK TO BITTER WORLD WAR II MEMORIES, THE PM SAID JAPAN, BY PURSUING "AN ELEMENT OF ECONOMIC IMPERIALISM" IN THE PACIFIC BASIN, "HAS ACHIEVED, BY PEACEFUL MEANS, WHAT IT FAILED TO DO DURING THE WAR." WEST GERMANY, NEW ZEALAND'S OTHER ENEMY IN THAT CONFLICT,

HAS IN CONTRAST "PROVED TO BE ONE OF NEW ZEALAND'S BEST FRIENDS," A BETTER FRIEND INDEED THAN EUROPEAN COUNTRIES WHICH FOUGHT ON THE ALLIED SIDE DURING WORLD WAR II (EXCEPTING THE U.K., WHICH MULDOON PRAISED HIGHLY).

5. MULDOON ALSO STRONGLY CRITICIZED ("THE LAST STRAW") A JAPANESE AGRICULTURAL MINISTRY STATEMENT REPORTEDLY PUBLISHED IN THE FISHING INDUSTRY NEWSPAPER, SUIZAN KEIZAI SHIMBON, SAYING THAT THE ONLY SOLUTION TO THE PRESENT TRADE POLICY IMPASSE WITH NEW ZEALAND WOULD BE THE DEFEAT OF THE MULDOON GOVERNMENT IN THIS YEAR'S

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GENERAL ELECTION.

6. FINALLY, MULDOON FOUND IT "AN INCREDIBLE FACT THAT THESE POLICIES HAVE OVER A QUARTER OF A CENTURY BEEN ACCEPTED BY THEIR TRADING PARTNERS WITH LITTLE MORE THAN MILD CRITICISM...WHAT IS REQUIRED IS A CONCERTED

EFFORT BY ALL JAPAN'S TRADING PARTNERS (THE PM SUBSEQUENTLY SAID HE WAS PRIMARILY THINKING OF THE ASEAN STATES HERE.) TO TELL THE JAPANESE GOVERNMENT THAT THEY SIC HAVE HAD TOO MUCH OF A GOOD THING, AND THE TIME HAS COME WHEN LESS SELF-INTEREST AND MORE COOPERATION IS GOING TO BE DEMANDED BY THE INTERNATIONAL COMMUNITY." CONFIDENTIAL

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THE PM THEN CONCLUDED BY SAYING HIS GOVERNMENT IS NOT GOING TO GIVE WAY IN ITS DISPUTE WITH JAPAN AND "THE TIME IS COMING WHEN WE WILL SET OUT TO SEEK THE SUPPORT OF OTHER NATIONS IN A LIKE POSITION." END UNCLASSIFIED.

7. BEGIN CONFIDENTIAL. COMMENT: THE SPEECH, WE UNDERSTAND, WAS VERY MUCH A PRODUCT OF THE PRIME MINISTER PERSONALLY AND HIS IMMEDIATE STAFF, WITH LITTLE, IF ANY, REFERENCE TO OTHER ELEMENTS OF THE BUREAUCRACY HAVING RESPONSIBILITIES FOR TRADE POLICY OR THE INTERNATIONAL FINANCIAL INSTITUTIONS. THE STATEMENT REGARDING U.S. AND JAPAN AS EQUAL ADB CONTRIBUTORS SEEMS TO INDICATE THIS. THE ACTUAL RELATIONSHIP IN SHARE OF BANK AND ASIAN DEVELOPMENT FUND RESOURCES IS ABOUT ONE-THIRD FOR JAPAN AND ONE-FIFTH FOR THE U.S.

8. IT IS WORTH NOTING THAT OPPOSITION LEADER ROWLING (LABOR), WHILE ANGERED AT THE PRIME MINISTER'S PERSONAL SLUR, IN PRESS COMMENTS DID EMPHASIZE HIS OWN AGREEMENT WITH A FIRM STAND TOWARD JAPAN ("I REMAIN COMPLETELY FIRM ON THE NEED FOR AN IMMEDIATE AND SHARP IMPROVEMENT IN THE WAY OUR EXPORT INTERESTS WERE TREATED...EVERYONE AGREES THAT NEW ZEALAND MUST TAKE A FIRM LINE IN ANY NEGOTIATIONS WHICH CONCERN OUR TRADING FUTURE, BUT SUCCESS WILL DEPEND ON A GREAT DEAL MORE THAN THE ARROGANCE AND BLUSTER OF THE PRIME MINISTER.") MR. ROWLING'S WORDS REFLECT, WE BELIEVE, A GENERAL UNITY OF VIEW VIS-A-VIS THE DISAGREEMENT WITH JAPAN WITHIN THE NEW ZEALAND BODY POLIIC. IN FACT, THE PRIME MINISTER'S CRITICISM OF ROWLING FOR SUPPOSEDLY TAKING A SOFT LINE MAY GIVE THE JAPANESE THE IDEA THERE IS MORE DIVISION OF OPINION ON THE ISSUE HERE THAN WE CAN DETECT. ELEMENTS, OF COURSE, WILL CRITICIZE THE CONFIDENTIAL

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PRIME MINISTER'S ROUGH STYLE--JUST AS THEY HAVE CRITICIZED IT ON OTHER ISSUES IN THE PAST, BUT WE WILL BE SURPRISED TO SEE ANY DISAGREEMENT WITH THE POSITION

THAT NEW ZEALAND IS GETTING BASICALLY UNFAIR TREATMENT
FROM TOKYO. JAPANESE EMBASSY OFFICIALS HERE DECLINED
TO COMMENT ON THE MULDOON SPEECH.

9. AS A POSTSCRIPT, THE LOCAL PRESS HAS IN THE LAST
FEW DAYS ALSO BEEN COMMENTING ON THE LOSS IN FOREIGN
EXCHANGE TO THE COUNTRY SHOULD--AS IS LIKELY--JAPANESE
FISHING BOATS BE BANNED FROM NEW ZEALAND WATERS ON
APRIL 1. WELLINGTON'S LOSS--THE MAJOR PORT FOR THESE
VESSELS--IS ESTIMATED TO BE ABOUT DOLS 8 MILLION.
NO ONE, HOWEVER, HAS YET SUGGESTED THAT THE GNZ REVERSE
ITS POLICY OF "NO BEEF, NO FISH" EVEN IN THE FACE OF
THESE LOSSES. END CONFIDENTIAL. SELDEN

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